

Washington State Auditor's Office
Accountability Audit Report

City of Shelton
Mason County

Audit Period
January 1, 2002 through December 31, 2003

Report No. 67411

Issue Date
October 8, 2004



Washington _____
State Auditor

Brian Sonntag

Audit Summary

**City of Shelton
Mason County
January 1, 2002 through December 31, 2003**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Shelton for the period January 1, 2002, through December 31, 2003.

We performed audit procedures to determine whether the City complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

The City complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

Our opinion on the City's financial statements and compliance with federal program requirements is provided in a separate report, which includes the City's financial statements.

CLOSING REMARKS

We appreciate the City's prompt attention to resolving prior audit issues and its commitment to ensuring compliance with conditions reported this audit. We thank City officials and personnel for their assistance and cooperation during the audit.

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Description of the City

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ABOUT THE CITY

The City of Shelton has a commission form of government. The Commission is composed of a Mayor, Commissioner of Finance and Commissioner of Public Works. The City is the last city in the state to use this form of government.

The City serves approximately 8,660 citizens in Mason County. In 2003, the City operated on a \$21 million annual budget. Its 110 employees provide an array of services including water, sewer, garbage, storm drainage, police, fire, Municipal Court, street maintenance, parks and recreation, community service programs and planning and economic development.

AUDIT HISTORY

We audit the City every two years. This audit marked the eighth consecutive audit in which no findings were reported for the City.

Management has been very responsive to prior audit recommendations. Audit concerns are often discussed, addressed and resolved before completion of our audit. We believe this reflects the City's commitment to maintain a strong financial system with sufficient internal controls.

ELECTED OFFICIALS

These officials served during the audit period:

City Commission:

Mayor

Commissioner of Finance

Commissioner of Public Works

John S. Tarrant

Dick Taylor

Dawn Pannell

APPOINTED OFFICIALS

City Administrator

Director of Financial Services

Director of Public Works

Police Chief

Fire Chief

Municipal Court Judge

City Engineer

Community Development Director

Library Director

Samuel R. Johnston

Stacey Sitko

Michael Golat

Terry Davenport

Jim Ghiglione

Amber Finlay

Theresa L. Parsons

Barbara Robinson

Tim Mallory

ADDRESS

City

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Audit Areas Examined

City of Shelton Mason County January 1, 2002 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of the City of Shelton's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the City's accountability in the following areas:

- Cash receipting and revenues
- Fixed assets
- Payroll
- Purchase of goods and services
- Financial statement preparation and journal entries

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Deposit and investment of public funds
- Required financial schedules
- Risk management
- Budgeting requirements
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Debt limitation
- Allowable expenditures
- Credit card usage
- Travel expenses

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal requirements, as applicable, for the City's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the City's financial statements is provided in a separate report. That report includes the City's financial statements and other required financial information. We examined the financial activity and balances of the City including:

- Cash and investments
- Capital assets
- Infrastructure
- Revenues
- Expenditures
- Equity
- Long-term debt
- Overall presentation of the financial statements